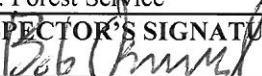




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: Equity Exploration Project	MINE/PROSPECTING ID#: P-2011-010	MINERAL: Silver, gold, lead and	COUNTY: Mineral
INSPECTION TYPE: Mineral Prospect Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: September 4, 2013	INSP. TIME: 15:00
OPERATOR: Rio Grande Silver, Inc.	OPERATOR REPRESENTATIVE: Tom Day, Drew Marino, Bruce Norquist	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Normal I&e Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$28,192.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S. Forest Service	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 9, 2013

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>NA</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>NA</u>	(FW) FISH & WILDLIFE----- <u>NA</u>	(RV) REVEGETATION---- <u>NA</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>NA</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>NA</u>	(ST) STIPULATIONS----- <u>NA</u>

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This was a routine inspection conducted by the Division as part of its monitoring of Hard Rock and Metals prospecting NOIs. Several staff representing the operator were present during the inspection. Besides the operators and this inspector, also present were Russ Means of DRMS and Julie Murphy of the State Attorney General's Office. This NOI has not been active during 2013, and the site was not active during the inspection. The site is identified by the operator's sign posted at the locked entry gate.

Much of the surface equipment and structures have been removed during the period of "care and standby" in 2013. Items no longer at the site include: portable electric power plant and switch gear, propane tank, modular office/dry, drilling equipment and supplies. Structures still onsite include: fabric-covered shop building, two large steel tanks, fuel storage building (currently containing minimal amount of diesel), plus two zircon storage containers (which are slated for removal soon). The removal of portable items from the site reduces the reclamation liability, since they will be required for eventual removal, but the removal does not reduce the bond by itself. There is no cause to revise the bond amount at this time since many of these items may be installed again upon commencement of renewed activity.

The main portal was locked and secured against unauthorized entry, and the vent portal was also locked and secured. These openings will not be closed or covered until final reclamation. No inspection of the underground workings was conducted at this time.

No new development rock has been placed on the surface waste rock dump, since there has been no construction of underground drill stations or exploration drifting since 2012. Likewise, the rock characterization "barrel test" has not been installed since there is no new development rock. When the operator anticipates recommencement of activities, which could include surface placement of new waste rock, the barrel tests should be set up, and the site be changed from an NOI to a 110(2) permitted operation. This has been discussed with the operator previously, and was again at the time of this inspection.

No further items were observed, and there were no problems noted. The bond is sufficient to perform the required reclamation.

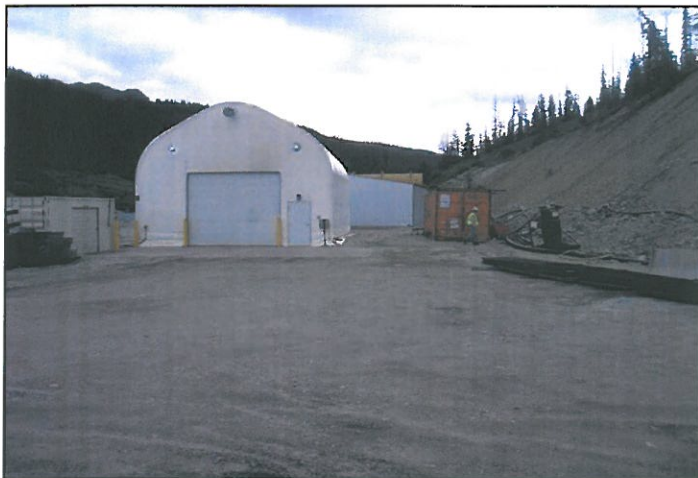
For questions related to this report please contact this inspector at the Division's Durango Field Office:
DRMS – Durango Field Office
691 CR 233, Room A-2
Durango, CO 81301
Telephone 970-247-5193

Inspection Contact Address

Randy McClure
Rio Grande Silver, Inc.
PO Box 610
Creede, CO 81130

EC: US Forest Service, Monte Vista

PHOTOGRAPHS



L-R: Storage, shop, fuel, and electrical-related structures.



Main portal.



Vent portal, with cable and storage tank.



Electric storage zircon, concrete pad, cable.